

## CALIFORNIA REGIONAL ECONOMIES PROJECT

### INFORMATION ABOUT THE REGIONAL PROFILES AND ECONOMIC BASE REPORTS

The California Regional Economies Project (Project) studies nine economic regions and provides information that better measures the performance of California's regional economies and industry clusters. This information provides a tool to improve economic and workforce development planning and decision making; and for bridging economic and workforce policies at the state and regional level.

The Project produced *Economic Base Reports* for each of the nine regions. These reports provide an in-depth look at the economic changes taking place in the region from 1990 through 2002, using the newer North American Industry Classification System (NAICS).

The *Regional Profiles* provide a snapshot of each economic region, summarizing economic and demographic information. Most of the information in the profiles is taken directly from the economic base report for each region.

The boundaries of the economic regions follow county boundaries. This is primarily due to the way that the data is collected and made available; most economic data are not collected at a more local level. Ideally, the regional boundaries would not be limited to the county level. Identifying regional boundaries is intended to provide a context for better understanding how California's economy performs, and to facilitate development of policies and strategies that support the diversity of the state.

The following provides information on some terms used in the reports and profiles:

**Economic base (urban regions):** In the analyses of the urban regions, this refers to export industries – those industries that sell a large portion of their goods or services to people and businesses in markets outside of the region. For example, most manufacturing industries sell mainly to markets outside of their region. Many service industries are included in the region's economic base, where a majority of the firms do not depend mainly on local markets for sales. This is the more typical definition of the term "economic base," and was used for the analyses of the four urban regions (Greater Sacramento, Bay Area, Southern California and Southern Border).

**Economic base (rural regions):** In the analyses of the rural regions, this refers to both export and local serving industries, based on the argument that the convention of separating local serving industries from export industries is becoming more difficult to maintain since many industries now serve both the local and export markets extensively. Using this alternative approach, the

analyses of the five rural regions (Central Sierra, Central Coast, Northern California, Northern Sacramento Valley and San Joaquin Valley) included both local serving and export industries in the economic base.

**Industry Clusters of Opportunity:** These are industry clusters that demonstrate a high growth rate, a high concentration in the region, and provide a significant number of jobs for the region. Occupations with career potential are also factored into these industry clusters. The clusters of opportunity may be local serving or export oriented.

**North American Industry Classification System (NAICS):** The North American Industry Classification System is the product of a cooperative effort on the part of the statistical agencies of the United States, Canada, and Mexico. Employers with similar production processes are classified in the same industry. NAICS focuses on how products and services are created, as opposed to the previous system, the Standard Industrial Classification (SIC) system, which focuses on what is produced. Using NAICS yields significantly different industry groupings than those produced using the SIC system.

NAICS identifies hundreds of new, emerging, and advanced technology industries. It also reorganizes industries into more meaningful sectors--especially in the service-providing segments of the economy.

The new NAICS industrial groupings better reflect the workings of the U.S. economy. For example, a new industry sector, called the Information sector, brings together units that turn information into a commodity with units that distribute the commodity and units that provide information services. The information sector's major components are publishing, broadcasting, telecommunications, information services, and data processing. Under the SIC system, these units were spread among the manufacturing, communications, business services, and amusement services groups. Another new sector of interest is the Professional, Scientific, and Technical Services sector. This sector is comprised of establishments engaged in activities where human capital is the major input.

**All Government:** This cluster includes federal, state and local employment – from defense, police and firefighters to educators and other public services. The complete economic base reports contain specific definitions for government employment as used in each report. The growth in this cluster is found primarily in local government, with significant increases in local education (Kindergarten through grade 14), including classroom and administrative positions. Federal government employment continues to decrease; State government employment has been decreasing since 2002.

**Retail Trade:** The NAICS Retail Trade category no longer includes eating and drinking establishments, which have been moved to the new Leisure and Hospitality sector. Otherwise, the category is the same as before, and includes:

Grocery stores	Gasoline stations
Department stores	Other miscellaneous store retailers
Health & personal care stores	Vending machine operators
Book, periodical, & music stores	Direct selling establishments
Auto parts, accessories, & tire stores	Automobile dealers
Specialty food stores	Florists
Sporting goods & musical instrument stores	Jewelry, luggage, & leather goods stores
Office supplies, stationery, & gift stores	Shoe stores
Other motor vehicle dealers	Electronics & appliance stores
Lawn & garden equipment & supplies stores	Building material & supplies dealers
Used merchandise stores	Clothing stores
Electronic shopping & mail-order houses	Beer, wine, & liquor stores
Furniture stores	Other general merchandise stores
Home furnishings stores	